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SUBJECT: AMBASSADOR GUTERRES TO CHALLENGE ALKATIRI FOR FRETILIN PARTY
LEADERSHIP

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DILI 00000167 001.2 OF 004

11. (SBU) Summary: Preparations for Fretilin's National Party Congress are well underway. Delegates to the Congress have been elected at district meetings that began in February. Within the party it has long been assumed that Prime Minister Mari Alkatiri would continue in a second term as Secretary General --- and therefore as Prime Minister --- and he currently remains the likely front runner. However, the recent announcement by East Timor's Ambassador to the U.S. and U.N., Jose Luis Guterres, may significantly alter the competition. Guterres is widely regarded as having the charisma and experience necessary for the job and sufficient appeal to unite disparate anti-Alkatiri elements. Many close to the process note that important changes to party structure are likely, whether or not that involves a leadership change. However, the strength of the anti-Alkatiri/pro-reform camp is hard to determine at this point. Alkatiri and his supporters continue to express public confidence that "there is no alternative" to his continued leadership and have been generally unwilling to acknowledge directly the existence of competition within the party. Meanwhile, some observers are pessimistic regarding the prospects for a genuinely democratic process at the upcoming Congress and fear that an Alkatiri win may be effectively fixed in advance, especially if it appears that he lacks the support to win legitimately. End summary.

Preparations for Fretilin's National Party Congress

12. (U) Preparations are underway for Fretilin's National Party Congress, scheduled for May 27-29 in Dili. Beginning in February, meetings were held in all 13 districts to elect delegates for the National Congress. According to sources in the party, a total of about 575 delegates and more than 100 alternates will attend the Congress. Further preparation for the national congress will take place at five regional meetings. The first of these meetings, for the region including Baucau, took place last weekend. Included in the current preparatory work are draft revisions to the party constitution and regulations for the congress itself. Meanwhile, potential candidates to challenge Prime Minister Mari Alkatiri for the position of Secretary General of the party are coming forward after a period of several months during which rumors abounded regarding a range of candidates and ever-shifting alliances. Jose Luis Guterres, currently East Timor's Ambassador to the

United Nations, has confirmed privately to Emboffs that he is a candidate and has been widely quoted in the press to the effect that he would accept the Secretary General position if the Congress happened to select him. Another possible challenger is Abel Ximenes, currently Minister of Development in Alkatiri's 41-member cabinet.

Many Fretilin members may be ready for change

13. (U) According to sources within Fretilin, extensive discussions about the future of the party are taking place among party members, out of the public eye and without the participation of the current party leadership. The overarching questions reportedly being discussed are: a) whether to continue with Alkatiri's leadership and b) the party's structure and strategy for moving forward. Reports have been circulating for years that many Fretilin members are unhappy with the leadership of Alkatiri and his allies and with the direction in which he has taken the party. The primary complaints are that they have cultivated a culture of favoritism and a lack of transparency and that decision-making power is concentrated in the hands of a few. These party members hope that the upcoming congress will result in significant change, although their views range from those who declare that they will not continue to support the party under the current leadership to those who would support a continued mandate for Alkatiri if accompanied by satisfactory reform of party structures.

14. (SBU) The actual strength of opposition to Alkatiri remains hard to measure. Although it is often alleged that Alkatiri is unpopular within Fretilin, the indications of widespread opposition within the party remain anecdotal and inconclusive. The only well-defined intraparty opposition group seems to be a group known as the "group of 20" or "renovators" within the CCF who are strongly anti-Alkatiri and some of whose members have strong ties with UNDERTIM, a new party registered last year (see ref tel). But party members outside this group generally dismiss its strength as insignificant. The leaders of other Fretilin

DILI 00000167 002.2 OF 004

factions may or may not like Alkatiri personally, but he appears to have learned how to keep them satisfied. (One indication of this is the extremely large size of East Timor's Cabinet.) Nevertheless, there are indications that Alkatiri's reelection is not a sure thing. Of the 500-plus delegates to the national party congress, 88 are members of the Fretilin Central Committee (CCF) and therefore automatic delegates, but the rest were elected during the district congresses. Several sources within Fretilin have noted that, of the newly-elected delegates, at least one-third are newcomers who are eager to "discuss the issues". Moreover, these sources report that a number of candidates close to the Alkatiri camp, including Vice Minister of the Interior Alcino Barris, were unsuccessful in their bids to be delegates from their respective districts. (Note: The list of delegates is not publicly available, so the Embassy is unable to make its own assessment of these assertions, which could be wishful thinking on the part of anti-Alkatiri enthusiasts. End note.)

15. (SBU) Another unknown variable is how Alkatiri and his supporters will respond if they perceive widespread opposition and the possibility of defeat. Several Embassy contacts have expressed concern that the current party leadership might choose to undermine democratic processes at the Congress. They point to the last Fretilin Congress in 2001, at which these Alkatiri critics say he unilaterally assumed the chairmanship of the meeting and was "accepted" by the delegates rather than actually being elected as the new Secretary General. Some of these observers add that now-Ambassador Guterres, who had been the elected leader of Fretilin's overseas wing during the last few years of the Indonesian occupation, had been expected to assume the newly created Secretary General position in 2001 but that Alkatiri and his faction arranged for the Congress to be held before Guterres could return to Timor.

¶16. (U) The most significant development for members of the party looking for an alternative to Alkatiri is the candidacy of Ambassador Guterres. Although Guterres's name had been mentioned frequently as a potential candidate in recent months, and although he has often been cited as the only candidate who could credibly challenge Alkatiri, most political observers did not expect him to throw his hat in the ring. His public acknowledgement that he is ready to run for Secretary General came as a welcome development to those in the party who see grassroots readiness for change but until now did not see a realistic alternative for party leadership.

¶17. (SBU) In conversations with Emboffs last week Guterres left no doubt that he intends to run an aggressive campaign to unseat Alkatiri as the party's Secretary General. He reported that he has been in regular email contact with various members of the party over the last months, discussing issues of mutual concern and preparing for his candidacy. He stated that it was not his idea to run for the position but that many people within the party have been pressuring him to do so. When asked about his differences with the Alkatiri camp, he strongly stressed what he sees as a lack of democracy within the party and in the way the Government operates. He particularly emphasized his unhappiness with the Government's relationship with the Catholic Church and civil society, noting that greater dialogue and openness to opposing views is needed in the nation's governance. Regarding party structure, he said the CCF should be given greater decision-making powers, in contrast to the current situation in which all major decisions are taken by Alkatiri and his small circle of close supporters. Guterres has also been quoted as saying that he would take a conciliatory and co-operative attitude toward opposition parties, in contrast to Alkatiri's dismissive and often sarcastic approach.

¶18. (SBU) Ambassador Guterres, who along with East Timor's other Ambassadors is in Dili for a two-week Ministry of Foreign Affairs conference, told Emboffs he will return to New York for the last two weeks of April but will then return to Timor in early May to focus on being a "full-time politician" during the weeks leading up to the Party Congress. He indicated to Emboffs that he expects to take leave during May rather than resigning from his Ambassadorship, pointing out that Alkatiri and other cabinet members will retain their positions while spending much of their time in May campaigning.

DILI 00000167 003.2 OF 004

¶19. (SBU) In an interesting follow-up discussion, Jorge Teme, a former Vice Minister of Foreign Affairs and Ambassador to Australia who had joined Ambassador Guterres in a meeting with Emboff, stated that he will leave Fretilin for the Democratic Party (PD) if Ambassador Guterres does not become Fretilin's Secretary General. Furthermore, Teme said that Ambassador

SIPDIS

Guterres has also indicated in private that he may also move to PD if his bid is unsuccessful. The Embassy has not been able to confirm this intent directly with Ambassador Guterres. PD is the largest of the opposition parties and is regarded as the only one that might be able to launch a serious challenge against Fretilin in the 2007 elections. A defection to PD by such a high profile Fretilin member could significantly alter election dynamics.

¶10. (SBU) In addition to Guterres, there are a number of other candidates still being discussed within Fretilin circles. Discussions by Fretilin insiders about an Alkatiri-Guterres race frequently assume that there will be a third candidate, Minister of Development Ximenes. Although he does not generate the kind of excitement expressed in response to Guterres's candidacy, he is seen as a potentially shrewd campaigner who has been quietly establishing a base of support. However, his support is

reportedly thin on the ground in some key districts, so most observers do not regard him as having a real shot at the Secretary General seat. Others who have been mentioned as

SIPDIS

potential candidates at various times in recent weeks, but have not publicly declared, include: Aniceto Guterres, former head of the Commission for Reception, Truth and Reconciliation (CAVR) and current member of the bilateral Truth and Friendship Commission (TFC); Rogerio Lobato, Minister of the Interior; and Victor da Costa, who would be a candidate from the "renovator" group mentioned in paragraph 5. (Comment: Aniceto Guterres would draw support from many of the same circles as Ambassador Guterres and is more likely to support the Ambassador than to run himself. Lobato is an ambitious but widely disliked figure who appears to understand that his best strategy for continued political survival is to make himself useful to Prime Minister Alkatiri. He reportedly negotiated a deal a few months ago to support Abel Ximenes, but then reported the negotiations to Alkatiri. End Comment.)

Alkatiri and supporters revealing little but showing signs of concern

11. (SBU) Meanwhile, Alkatiri and his supporters have been expressing confidence that he, along with Fretilin President Francisco "Lu'olo" Guterres (who is also the President of the National Parliament), will continue to lead the party. In a recent conversation with Emboff, Jose Reis, the Secretary of State for Region I (Baucau, Viqueque and Lautem) who is close to Alkatiri, stated, "There is no alternative to Mari and Lu'olo and this is agreed within Fretilin." This sentiment has also been expressed publicly by other prominent members of the current leadership. (Note: The support of Party President Lu'olo is regarded as a key element in Alkatiri's continued legitimacy, since he remained in Timor as a member of the resistance to Indonesian occupation while Alkatiri and most other leaders of the ruling circle were in exile in Mozambique. Although there have been occasional rumors in the past that Lu'olo was considering a split from Alkatiri, the pairing has been recently reaffirmed and a split is now regarded as unlikely in the extreme. End note.)

12. (SBU) However, Alkatiri's recent public comments indicate that he may well be nervous that his position in the party is not assured. Although his public statements were initially dismissive regarding Ambassador Guterres' candidacy, he has since demonstrated his discomfort with the new situation. At the regional party meeting in Baucau last Saturday, Alkatiri reportedly called on members to conduct open dialogue regarding the future of the party, but warned that some party members were conducting "secret night meetings", implying that such meetings were designed to destroy rather than construct the party. This statement appears to have been directed at Ambassador Guterres, who has been spending much of his time meeting with Fretilin members and asking for their support.

13. (SBU) Comment: Given Fretilin's dominance and the general view that its organizational and financial advantages will enable it to win the next election despite the personal unpopularity of Alkatiri and some other Fretilin leaders, the

DILI 00000167 004.2 OF 004

outcome of its National Congress will be extremely important. However, gauging this outcome remains difficult. Three main questions are outstanding. First, what is the real strength and breadth of opposition to Alkatiri within the party? Although Emboffs have heard from a number of party sources confident that "there will be changes," it has not been possible to get a sense of solid numbers of delegates behind one or another position. It is quite possible, as one journalist put it, that the majority of the delegates elected at the district conventions "know their job already" and have no intention of opposing Alkatiri. Second, what will be the effect of Ambassador

Guterres' candidacy? It is possible that his entry into the race will solidify it into a two-person competition, but it is not yet clear whether the various elements within Fretilin who profess dissatisfaction with Alkatiri will consolidate around Guterres. Third, how will Alkatiri and his supporters approach the Congress and will they allow it to be truly democratic? The election of delegates is generally reported to have been a far more democratic process than some had feared, but at least one independent-minded Fretilin member of Parliament has reportedly been disqualified on a technicality after being elected as a delegate, and there is still time for strong-arm tactics if the leadership were inclined to use them. One possible obstacle to any such efforts is that the Congress will reportedly elect the Secretary General and President by secret ballot. End Comment.

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